



Charitable Gift Annuity

What Is a Charitable Gift Annuity?

A charitable gift annuity is a simple combination of two concepts: a charitable gift and income for life. Think of it as the gift that gives back. A gift annuity allows you to make a gift to the Penn State program of your choice AND benefit from the following:

- Safe, fixed income for your life and the life of a loved one (spouse or parent)
- Tax savings—immediately and in the future
- Favorable treatment of capital gains, if funded with appreciated assets
- Membership in The Atherton Society, as well as other recognition societies (depending upon the size of your gift)

How Does a Charitable Gift Annuity Work?

In exchange for an irrevocable gift of cash, publicly traded securities, or other assets, Penn State agrees to pay one or two persons a fixed annual income that is backed by the resources of the University. The charitable gift annuity rate of return is set by the American Council on Gift Annuities and is often higher than what is available from many conservative investments.

Gift Planning Tip:

If you fund the annuity with appreciated securities, you avoid a portion of the capital gains tax. The simplicity of establishing a gift annuity, along with the tax incentives and guaranteed rate of return, makes this a very popular giving option.

Are There Any Age or Gift Amount Restrictions?

The minimum contribution to establish a gift annuity at Penn State is \$10,000. You may establish more than one annuity. There is no maximum gift amount. The minimum age is 60.

What Assets Can I Use to Fund a Charitable Gift Annuity?

While cash is the most popular way to fund a gift annuity, you may also use the proceeds from maturing CDs, publicly traded stock, and other appreciated assets.

Is It Worth the Time and Energy to Change from My Current Investment to a Charitable Gift Annuity?

Yes, especially if your current investment yields a variable rate of return. Because your income from a Penn State charitable gift annuity will never decrease—nor can you outlive it—this one-time purchase can provide a stable annual income. This income can allow you to meet important needs, such as buying long-term care insurance or offsetting the costs of retirement facility care.

GIFT ANNUITY RATES – ONE RECIPIENT							
Your Age	60	65	70	75	80	85	90+
Lifetime Annuity Rate	4.4%	4.7%	5.1%	5.8%	6.8%	7.8%	9.0%

GIFT ANNUITY RATES – TWO RECIPIENTS							
Your Ages	60/65	65/70	70/75	75/80	80/85	85/90	90/95+
Lifetime Annuity Rate	4.0%	4.4%	4.8%	5.3%	6.1%	7.3%	8.8%

Rates established by the American Council on Gift Annuities (ACGA) effective January 1, 2012

How Is the Annuity Rate Determined?

The annuity rate depends on the age of the annuitant(s) at the time of the gift. The older the annuitant(s), the more income Penn State can agree to pay annually. The rate in effect when you establish the annuity never changes and is guaranteed for life.

Charitable Gift Annuity Illustrations

The following are sample gift annuity rates that Penn State has offered recently.

Opportunity	Result
<p>A 78-year-old alumna has a \$50,000 certificate of deposit that is now coming up for renewal, but the reinvestment rate of return is only 2%.</p> <p>She decides to establish a \$50,000 charitable gift annuity with Penn State.</p>	<p>Penn State will pay her 6.4%, or \$3,200, annually for the rest of her life.</p> <p>She is entitled to an immediate income tax charitable deduction of \$22,759.50.</p> <p>Approximately 79% of each annuity payment is tax-free for the next 10.5 years.</p> <p>The proceeds will be used to create an endowed fund in memory of her husband and herself.</p>

The staff at Penn State's Office of Gift Planning are available to answer any questions and/or provide you with a confidential, no-obligation illustration to show how a gift annuity would benefit you and your specific situation. As with any charitable gift agreement, we encourage you to consult with your financial adviser as well.

Call us today toll-free at 888-800-9170, inquire via email at GiftPlanning@psu.edu, or visit our interactive gift planning website at giftplanning.psu.edu.

Can I Arrange for Income in the Future, Such as When I Retire?

Many retirement arrangements such as IRAs, Keoghs, and 401(k) plans have contribution limits. If you are younger and wish to supplement your retirement plan, an alternative strategy is the deferred payment charitable gift annuity. This enables you to give cash or securities now and receive annuity payments at a later date, such as retirement. Deferring annuity payments yields higher payouts when payments begin and a significantly larger income tax deduction in the year the annuity is established. The minimum gift amount is \$5,000 and the minimum age to establish a deferred gift annuity is 35, with the payments beginning at age 60 or older.

Opportunity	Result
<p>An alumnus, age 55, has maximized his contributions to all of his retirement plans.</p> <p>He contributes \$25,000 to a deferred payment charitable gift annuity that will begin at age 65.</p>	<p>He is entitled to an immediate income tax charitable deduction of \$6,554.75.</p> <p>When he reaches age 65, Penn State will pay him a lifetime annuity of \$1,600 per year, the result of a 6.4% deferred annuity payout rate.</p>

Illustrations presented here are based on a 1.6% CFMR and a gift of cash. Actual results will vary depending on the date of the gift and other factors.

If you are tired of living at the mercy of the fluctuating stock and real estate markets, make an investment that is secure today—and in the future—by establishing a charitable gift annuity with Penn State.

Office of Gift Planning
The Pennsylvania State University
212 103 Building
University Park, PA 16802

Toll-free: 888-800-9170
Fax: 814-865-0893
Email: GiftPlanning@psu.edu
Website: giftplanning.psu.edu